

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – JUNE 9, 2004**

**PRESENT:** Chairman Anthony Maiola and Commissioner John Byrne, John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Aidan Moore, Chief of Enforcement; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer. Guests: Brian Law and Michael Gocowski, Law Warehouses; Al Picconi, United Beverages, Inc.; Representative Judy Krahulec.

**EXCUSED:** Commissioner Patricia Russell.

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

The SA1000 report for the week ending 6/6/04 shows retail sales were up almost .57%, on-premise sales were down -.02%, off-premise sales were up 1.32%, and total aggregate sales were up a little over .26%. The traffic count dropped by 1,266, as did the average sales ticket by -\$ .29.

The W-I Total Weekly Sales report for the same week confirms total sales for the weekly comparison increased by .26% or \$18,113, and were also up for the year by almost 7.4% or \$23,829,544. Wine sales decreased by -.8% or (\$55,592) for the week, but showed a yearly increase of 7.25% or \$10,865,480. Sales of spirits were up 1.97% or \$73,705 on a weekly basis, and were also up year-to-date by almost 7.5% or \$12,964,264.

##### **B. Budget/Administrative Reports:**

There was nothing of significance to report regarding outstanding depletions or gift cards over the past week.

A promotion card meeting was held with Ann Jordan from Paymentech last Wednesday afternoon. Some specific limitations as to the number of promotions which can be run during the year were identified. Cost information will be calculated and provided to the Commission.

A routine has now been developed to provide monthly metric reports with information gained from several locations within the building. These reports are typically two months behind due to financial information. Craig will send a copy of the reports to the Commission and Bureau Chiefs.

The current W-6 Expense Budget Activity Variance Report shows the week to be at about 94.25% expired, with around 88.8% of the total budget expended. George is working on identifying deficits to be reported to Administrative Services. There will be no funds left in the salaries and benefit adjustments accounts. Craig said he will check on what positions are vacant and if they will be lost if not filled by the end of the year. Commissioner Byrne stressed the importance of submitting a request to Fiscal Committee right away to cover the shortfall. He didn't think monies could be used from salaries or for the appropriation for the Nashua store. George will review the situation and get back to the Commission as soon as possible.

The American Express contract is now on hold by Administrative Services, as they feel the language is suggestive of that used in a statewide contract. Craig said it was important to note that George has been communicating with the Department of Administrative Services since the negotiations began with American Express a month ago. We are now waiting to hear back from them.

A review is being conducted on petty cash procedures. It appears some items have been purchased from this fund which could have been obtained at a lower cost through headquarters.

2. IT Report

Howard reported that the IT CIO put together a task force to determine and resolve problems with the RiTA server which occurred over the Memorial Day weekend.

RF capabilities should be available in the Laconia area later today. IT will work with Enforcement to test this program which will be used during Motorcycle Weekend.

Mike Goclowski said the conversion over the weekend to the new computer system at Law Warehouse went flawlessly. About 1,200 orders were processed, with logistics indicating no errors of any kind.

3. Human Resources Report

Evie visited Store #21 Peterborough and Store #15 Keene with representatives from Liberty Mutual and Risk Management. The big area of concern in both areas is materials handling. A finalized report will be presented at the Commission meeting of July 14<sup>th</sup>. This will give a better idea of what is happening in the area of workers' compensation.

## II. MARKETING & SALE REPORTS

### 1. Store Operations

Total store sales for the week ending June 6, 2004 were down -.67% or (\$36,347.60). Peter said this was indicative of the timing of the sales period.

The grand opening of the new Store #28 in Seabrook will take place next Monday, June 14<sup>th</sup>, at 10:00 a.m.

A Supervisor/Managers' meeting is scheduled for tomorrow in the downstairs conference room. The focus will be on the distribution of Class 50 funds for the remainder of the fiscal year.

Peter also reported that stores are in the middle of conducting quarterly inventory this week. In addition, distribution of the New Hampshire price book in rest areas is working out well.

Nicole reported that 150 people attended the wine tasting at Catholic Medical Center, at a ticket price of \$100 per person. The Center was happy with the results, which will help with their expenses. The Keene wine tasting sold out at 350 tickets. Attendance was well spread out, and food provided by the restaurants was very good.

### 2. Purchasing Report - No report given.

### 3. Merchandising Report

#### A. SPIRITS:

##### 1) Test Market Products:

##### a. Test Market Request (Sauza Ready to Drink Margarita):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Horizon Beverage Company/Allied Domecq Spirits USA, for a new test market listing for Sauza Ready to Drink Margarita, 1.75L size (assigned four-digit Code #5313), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

##### b. Test Market Request (Sauza Tres Generaciones Plata Tequila):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Horizon Beverage Company/Allied Domecq Spirits USA, for a new test market listing for Sauza Tres Generaciones Plata Tequila, 750ML size (assigned three-digit Code #649), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Request (Plantation Grand Reserve Rum):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from M.S. Walker, Inc. for a new test market listing for Plantation Grand Reserve Rum, 750ML size (assigned four-digit Code #4215), with limited distribution to Cluster 1, 2 and 3 stores, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Request (Citadelle 80 Proof & Apple Vodkas):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from M.S. Walker, Inc. for a new test market listing for Citadelle 80 Proof Vodka, 750ML size (assigned four-digit Code #3173), but deny the request for a new test market listing for Citadelle Apple Vodka, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) One Time Buy Requests:

a. Johnnie Walker Black Twin Pack w/Johnnie Walker Gold:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve an offer from United Beverages, Inc./Schieffelin & Somerset of a one-time buy of the Johnnie Walker Black Twin Pack with a free 200ML size of Johnnie Walker Gold (assigned four-digit Code #2729), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Svedka Vodka, 50ML size:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission deny an offer from M.S. Walker, Inc. of a one-time pallet buy of Svedka Vodka, 50ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Sauza Gold Tequila, 200ML size:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve an offer from Horizon Beverage Company/Allied Domecq Spirits USA of a one-time buy of Sauza Gold Tequila, 200ML size (assigned four-digit Code #3971), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Mark Down of Delisted Product:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve the mark down of forty-one (41) spirit items which were delisted on June 2, 2004 in order to deplete remaining inventory, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Crown Royal On-Site Store Promotion:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from United Beverages, Inc./Diageo North America, to conduct on-site promotions at Store #66 Hooksett during the weekends of July 23-24 and September 17-18, 2004 involving the Crown Royal International Race of Champions and the Crown Royal Hot Air Balloon (provided the balloon is placed in an area which will not interfere with customer parking), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Purchase & Distribution of Low Carb Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve an offer from Horizon Beverage Company/ Brown-Forman Corporation, of a special purchase and introduction offer of two (2) low carb wines, to be featured on sale during July and August 2004, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) 2001 Bordeaux Rollout:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve the 2001 Bordeaux Rollout scheduled for June 24, 2004 from 6:00 p.m. to 8:00 p.m. at Stores #23 Conway, #25 Stratham, #60 West Lebanon and #69 Nashua, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Recommended Allocated Wines for Distribution to Selected Stores (48 items):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve forty-eight (48) allocated Bordeauxs to be initially distributed to the four stores in conjunction with the 2001 Bordeaux Rollout, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Primary Source Submissions (4 items – primary source; 10 items – exclusive agent; 28 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve the listing of four (4) wine codes which are from primary source, ten (10) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and twenty-eight (28) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORT – None.**

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve all previously reviewed requests for bailment

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releases/transfers dated June 3 through June 9, 2004. The motion was unanimously adopted.

2. Coupon Approvals: None.
3. Late Items/Other: None.

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Anthony C. Maiola, Chairman

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John W. Byrne, Commissioner

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